

Worksession

Agenda Item #	6
Meeting Date	16 April 2007
Prepared By	Linda Walker Affordable Housing Manager
Approved By	Barbara B. Matthews City Manager

Discussion Item	Discussion of proposed Payment in Lieu of Taxes (PILOT) for 8508-10 Flower Ave									
Background	<p>Montgomery Housing Partnership (MHP), a nonprofit affordable housing organization which develops, renovates and manages properties throughout Montgomery County, has requested Council consideration of a ten-year PILOT agreement for 8508-10 Flower Avenue, a 21-unit building it purchased on April 4, 2007. The existing tenants association, as permitted under the Tenant Opportunity to Purchase law, has assigned to MHP, its rights to acquire the property. MHP intends to renovate the property and continue to operate it as a rental housing facility.</p> <p>Similar to past PILOT agreements, MHP has requested the full abatement of local property taxes for an initial five year period, a 75% abatement the following three years, and a 50% abatement the final two years of the ten-year agreement. Montgomery County, which is providing funding for the project, will provide a full abatement of county property taxes for as long as the building is owned by MHP.</p> <p>Additional information on the project and the need for the requested PILOT will be presented during the worksession by Mr. David Wilson, Development Manager, on behalf of MHP.</p>									
Policy	<p>“The City Council of the City of Takoma Park supports the provision, enhancement, and protection of affordable housing opportunities throughout our community for all of our citizenry. Working in cooperation with our residents, community leaders, and housing providers, we will provide staff resources and, when available, financial assistance to programs and projects which further our affordable housing goals. We will offer political support to our partners, endorsing affordable housing efforts of other public entities and nonprofit organizations.”</p> <p>City of Takoma Park Affordable Housing Policy and Action Plan (2002)</p>									
Fiscal Impact	<table><tr><td>Levy Year 2007 (7/1/07) Assessment</td><td>\$1,337,300</td></tr><tr><td>Estimated Levy Year 2007 Takoma Park property taxes</td><td>\$8,425 (a)</td></tr><tr><td>Estimated total City property tax loss/value of PILOT</td><td>\$69,500</td></tr><tr><td>Average monthly impact per rental unit</td><td>\$27.58</td></tr></table> <p>(a) Based on current tax rate of 63¢ per \$100 assessment</p>		Levy Year 2007 (7/1/07) Assessment	\$1,337,300	Estimated Levy Year 2007 Takoma Park property taxes	\$8,425 (a)	Estimated total City property tax loss/value of PILOT	\$69,500	Average monthly impact per rental unit	\$27.58
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Attachments	<ul style="list-style-type: none"> Request for PILOT 8508 Flower Avenue (MHP March 13, 2007)
Recommendation	To consider MHP request and provide staff with direction on how to proceed
Special Consideration	Execution of the requested PILOT agreement requires approval of a two reading ordinance. The first reading of the ordinance is tentatively scheduled for April 23 with the second reading to be considered April 30.